

# Brighton & Hove City Council

## Cabinet

## Agenda Item 69

**Subject:** Homes for Brighton & Hove -Sackville Road Trading Estate update

**Date of meeting:** Thursday, 13 November 2025

**Report of:** Cabinet Member for Housing

**Lead Officer:** Name: Corporate Director for Homes & Care, Corporate Director- Operations

**Contact Officer:** Name: Sam Smith

**Email:** [sam.smith@brighton-hove.gov.uk](mailto:sam.smith@brighton-hove.gov.uk)

**Ward(s) affected:** Goldsmid

**Key Decision:** Yes

**Reason(s) Key:** Expenditure which is, or the making of savings which are, significant having regard to the expenditure of the City Council's budget, namely above £1,000,000.

### For general release

#### 1. Purpose of the report and policy context

- 1.1 This report provides an update on the Homes for Brighton & Hove (HBH) joint venture at Sackville Road Trading Estate ("the project"), following the previous Cabinet decision to proceed with the acquisition and development of the site for affordable housing in June 2024. The report seeks approval for the next steps in the delivery of the scheme, reflecting the latest financial position.
- 1.2 The proposals align with the Council's Corporate Plan 2023–2027, particularly Priority 2: A fair and inclusive city, and Outcome 3: Homes for everyone, which commits to increasing the number of new affordable homes delivered by the council and its partners. It is also key to delivering the Housing Strategy 2026-30 and in particular the commitment is to deliver 'at least 2,000 affordable homes over the lifetime of the strategy'.

#### 2. Recommendations

- 2.1 Cabinet notes progress with the project and approves the budget increase of up to £2.6m to fund the development and purchase of the affordable homes as set out in the financial implications.
- 2.2 Cabinet agrees to delegate authority to the Corporate Director City Operations, in consultation with the Cabinet Member for Housing, to agree

and enter into the necessary variations of the legal documentation for the project as a consequence of the increased funding requirement.

### **3. Context and background information**

- 3.1 The Sackville Road development is a cornerstone of the council's wider placemaking approach for Brighton & Hove, aiming to create vibrant, inclusive neighborhoods that respond to the city's evolving needs. This project is not just about delivering new homes; it's about shaping a sustainable community, enhancing public realm, and ensuring that new development integrates with existing local character and infrastructure.
- 3.2 The HBH partnership is a 50:50 joint venture between Brighton & Hove City Council and Hyde Housing Association, established to deliver 1,000 affordable homes across the city. To date, the partnership has delivered 346 affordable homes, with the Sackville Road Trading Estate identified as the next major site.
- 3.3 The previous Cabinet report (June 2024) approved the development of 306 homes, 60% of which (183) will be purchased and let by the council's Housing Revenue Account (HRA) at Social Rents at Sackville Road Trading Estate, with Hyde acquiring the site and granting a building license to HBH to deliver the scheme. The council will lease the completed social rented homes from Hyde on a 999-year lease, with Hyde retaining the freehold and managing the remaining Shared Ownership homes.
- 3.4 Following extensive negotiations, a Sale and Purchase Agreement for the site between the current owner and Hyde was completed in March 2025, conditional on securing satisfactory planning permission. The Agreement for Lease between the Council and Hyde, and the Development Agreements for the delivery of the scheme between HBH, Brighton & Hove City Council, and Hyde were entered into simultaneously (also conditional on planning and acquisition of the site). The planning application is currently being considered and is anticipated to go before committee on 5 November 2025.
- 3.5 Projected costs for delivering the scheme have increased due to a number of issues including challenges in securing vacant possession of the site and changes to the design to respond to feedback in the planning process. This has included increasing the number of 3 and 4 bed homes to respond to the need for more affordable family homes in the city, larger window sizes in some flats and the introduction of play and food growing areas.
- 3.6 In the process of negotiating the construction contract Hyde have recently identified a significant risk linked to the Building Safety Regulator (BSR) Gateway 2 approval (required as the development will be considered a High Risk Building due to its height). This approval is to be sought by the contractor who should be ready to submit in late Spring. While the statutory approval period is 16 weeks, current submissions are taking between 40 and 50 weeks and could extend up to 80 weeks. Due to construction inflation

each week of delay adds significantly to the build cost, with a very significant impact if the full 80-week duration is realised.

- 3.7 To mitigate the BSR risk, an amendment to the build contract between HBH and the building contractor has been agreed that includes an inflationary layer capped at this cost and sharing the risk between the contractor and JV partners. The contract includes a mechanism where additional costs are payable for each week of delay beyond 16 weeks, capped at 80 weeks after which the risk sits with the contractor. The most likely scenario based on current delays is the process taking around 40 weeks. The maximum cost of the contract therefore includes up to 80 weeks delay, but the most likely scenario is that the actual contract price is significantly below this maximum.
- 3.8 The combined circumstances detailed above have led to an increased funding requirement of up to £2.6m from the council in relation to the social rented homes. This has been agreed by the HBH Board, however Cabinet approval is also required to proceed. A decision is required in November to ensure tight funding deadlines are met and the project remains viable. The Homes England Strategic Partnership requires a start on site before the end of the financial year, and the build contract must be signed by December to start mobilising and avoid further price uplifts.
- 3.9 Importantly, the project remains viable both for Homes for Brighton & Hove and the JV partners, with the main impact of the revised cost profile will be a reduction in the level of profit delivered by the scheme, rather than a threat to its overall deliverability. This is mitigated by an increase in the number 3 and 4 bed homes being delivered and a minor increase in the level of social rent due to an increase in the market valuation of the flats on which the rents are calculated. Previous projects have been delivered within budget by HBH using the same contractor and further costs increases are mitigated by having a fixed price contract and inclusion of significant levels of contingency.

#### **4. Analysis and consideration of alternative options**

- 4.1 The alternative would be to not fund these additional costs and therefore not deliver the 306 affordable homes which are important to the council's efforts to tackle the city's 'Housing Crisis' and meet City Plan targets and Council Plan priorities.

#### **5. Community engagement and consultation**

- 5.1 Extensive community consultation was undertaken by Moda Homes during the original design and construction of the site.
- 5.2 Further engagement has been undertaken by the HBH development team as the project progressed. Statutory planning consultation was also completed as part of the planning application process.

#### **6. Financial implications**

- 6.1 The council entered into a loan agreement with HBH in 2017, which stipulates the council are to provide interest free loans to HBH when required. These loans are provided by the GF and are repaid in full when HBH cash balances allow. The cashflows associated with the project stipulate that there will be loans of up to £4.5m to HBH to fund the initial costs as outlined in the June 2024 cabinet report.
- 6.2 The approval received in June 2024, resulted in entering into an agreement to purchase 183 homes via the council's HRA for £0.315m per home. A total budget of £30.167m (net of the grant contribution of £27.999m) was approved and included in the HRA's capital programme for 2025/26.
- 6.3 The budget is funded through HRA borrowing which is financed through the receipt of new rental income from the new homes. The rental values were calculated based on the formula rent using the assumed market value of the homes at the point of approval (June 2024).
- 6.4 The report sets out the uplift in costs of £2.6m, this would not attract any further grant funding and so would be required to be funded by additional HRA borrowing. A revised appraisal has been undertaken to assess the affordability of the uplift. Rents have been calculated using the government's formula rents as per the original assessment, due to an uplift in market value and a later completion date the rents are deemed sufficient to support the borrowing costs over the life of the asset, therefore not creating an additional revenue burden on the HRA. The appraisal shows a positive NPV which provides a level of comfort and flexibility when setting rents at the point of completion.
- 6.5 The new unit price per home is £0.329m an increase of £2.6m. If approved the HRA budget will increase to £32.790m and will be included in the capital programme, profiled according to the spend profile in the HRA capital programme and associated revenue costs in the MTFP.
- 6.6 The project will continue to be monitored in accordance with the council's financial management procedures, with budget variances being reported as part of the council's TBM reports.

Name of finance officer consulted: Craig Garoghan  
Date consulted :23/10/2025

## **7. Legal implications**

- 7.1 This report recommends that the Council increases its funding for the development and acquisition of affordable units at Sackville Estate. The Council can rely on its general powers of competence through the Localism Act 2011 and its powers under part II of the Housing Act 1985 to fund the development and purchase of the affordable units within the development.

Name of lawyer consulted: Siobhan Fry      Date consulted: 22/10/25

## **8. Risk implications**

- 8.1 Key risks include cost inflation, delays to delivery, and grant funding conditions. These are mitigated through the fixed price contract for construction which will be completed in December 2025, regular monitoring by the HBH Board, contingency allowances and close liaison with Homes England.

## **9. Equalities implications**

- 9.1 The delivery of new affordable homes will help address housing need for local households on the Housing Register, supporting the Council's equalities objectives.

## **10. Sustainability implications**

- 10.1 The scheme will deliver energy-efficient homes in line with the Council's sustainability commitments, helping to tackle climate change and reduce fuel poverty. There will also be improvements to local transport infrastructure and an active travel plan to encourage people who move into the homes to use sustainable transport.

## **11. Health and Wellbeing Implications:**

- 11.1 The provision of new, affordable, and energy-efficient homes will have a positive impact on the health and wellbeing of future residents. There are strong links between improving housing, providing new affordable homes and reducing health inequalities. The *Health Counts 2024 Survey* found that 0.9% of adults live in temporary or emergency accommodation, with high rates of mental ill-health, substance misuse, and barriers to accessing healthcare. The development will support active travel, which contributes to the health of future tenants and contributes to our Net Zero ambitions.
- 11.2 Energy efficient homes which are easier and cheaper to heat are likely to have a positive influence on the health and financial wellbeing of occupants of the new homes.

## **Other Implications**

### **12. Procurement implications**

- 12.1 The scheme will be delivered in line with the Council's procurement policies and the HBH joint venture's use of Hyde's established frameworks.

### **13. Crime & disorder implications:**

13. Well-designed new homes can help reduce crime and improve quality of life for residents.

## **14. Conclusion**

- 14.1 The Sackville Road Trading Estate scheme represents a significant step forward in delivering affordable homes in Brighton & Hove. Approval of the recommendations will enable the council and its partners to proceed with the next phase of delivery, in line with the Council's corporate priorities and Housing Strategy commitments.
- 14.2 The Sackville Road development remains central to the city's placemaking ambitions, delivering much-needed affordable homes, supporting local economic growth, and fostering a sense of community. Robust governance and oversight are in place to navigate the complexities of the construction and regulatory environment, ensuring that the project delivers lasting benefits for residents and the wider city.